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C O N F I D E N T I A L SECTION 01 OF 04 TAIPEI 000762

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E.O. 12958: DECL: 06/03/2023
TAGS: [PREL](#) [PGOV](#) [AORG](#) [MARR](#) [MASS](#) [MCAP](#) [CH](#) [TW](#)
SUBJECT: TAIWAN NSC SECRETARY-GENERAL SU CHI ON
CROSS-STRAIT NEGOTIATIONS; U.S. ARMS SALES

Classified By: AIT Acting Director Robert S. Wang. Reasons: 1.4 (b/d)

¶1. (C) Summary. NSC Secretary General Su Chi told Senate Foreign Relations Committee senior staff member Frank Jannuzi that the Ma Administration considers its U.S. ties to be even more important than its relations with Beijing. He said the former is critical to both Taiwan's survival and prospects for improving cross-strait ties. Su indicated that Ma wants to normalize Taiwan's economic relations with the mainland as quickly as possible while pressing the PRC to afford Taiwan greater "international space." He hopes Beijing will agree to Taiwan's observer status in the WHA next May, and stated that Beijing has now agreed to allow current Taiwan officials to participate in upcoming SEF-ARATS meetings as consultants.⁸ Taiwan is also talking to Beijing about freezing the number of missiles aimed at the island, if only as a symbolic gesture, he said, but the prospect of a peace agreement⁸ is in the distant future.

¶2. (C) At the same time, Su Chi reiterated Taiwan's desire to strengthen its relations with the U.S. because this would increase Taiwan's leverage in its discussions with China. Specifically, he expressed the hope that the U.S. could proceed on existing arms procurement items (citing PAC-II and PAC-III's in particular) and consider selling F-16's as well. Su Chi said the F-16's would only replace earlier models and, in his opinion, would not undermine ongoing cross-strait discussions or alter the existing military balance. He voiced Taiwan's continued interest in an FTA although he recognized the substantive and political value of progress on TIFA. Finally, Su said Beijing has now agreed to allow foreigners to use the direct weekend charter flights once they start up in July. End Summary.

¶3. (C) National Security Council Secretary-General Su Chi met with visiting Senate Foreign Relations Committee senior staff member Frank Jannuzi and AIT Acting Director Bob Wang on June 2. Jannuzi asked Su Chi to pass the best wishes of Senator Biden to President Ma Ying-jeou, explaining that the senator was very encouraged by Ma's inaugural address laying out a positive cross-strait agenda. There is a new, more relaxed attitude about Taiwan in Washington these days, Jannuzi said.

Cross-Strait Negotiations

¶4. (C) Jannuzi told Su Chi that members of Congress want to

ensure U.S. actions reinforce Ma's efforts to improve cross-Straits relations. While the U.S. does not intend to mediate between Taiwan and the PRC, neither does it want to do anything that undermines Taiwan or cross-Straits relations.

Jannuzi asked Su Chi how the U.S. can help the cross-Straits process and, specifically, whether congressional notifications of arms sales would enhance or undermine Taiwan's cross-Straits negotiations.

15. (C) Su responded that while the Ma administration is working to improve relations with China, it also wants to improve relations with the U.S. In fact, he said, he and President Ma consider relations with the U.S. as more important than relations with China. China "only respects power," he said, and, thus, U.S. support "is essential to our approach to China." The Ma administration "sees China as a threat and an opportunity," with the emphasis now on opportunity.

16. (C) Su explained that Taiwan's top priorities in its negotiations with the PRC are charter flights, PRC tourists visiting Taiwan, normalizing bilateral relations (property, investment, legal issues), and international space. He pointed out that forty percent of Ma's inaugural address focused on international space, which indicates the importance of international space for Taiwan. Ma specifically requested KMT Chairman Wu Poh-hsiung to deliver the international space message to Hu Jintao during Wu's visit to Beijing last week. Hu's appointment of Vice Foreign Minister Wang Yi as head of the PRC Taiwan Affairs Office (TAO) a few days later, Su argued, showed Beijing "got the

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message and is willing to talk about international space." There is much talk about a cross-Straits peace accord, Su noted, but this will take a longer time.

17. (C) Su told Jannuzi that the cross-Straits negotiations starting next week between Taiwan's Strait Exchange Foundation (SEF) and the PRC's Association for Relations Across the Taiwan Strait (ARATS) will be "unofficial-official" negotiations. Beijing, he explained, had agreed that government officials from both sides can sit at the negotiating table as advisors or consultants. Negotiations on PRC tourism to Taiwan are already in this "unofficial-official" format, he said, while those on charter flights remain under the existing civilian format. (Note: The "Macao channel" that negotiated the current cross-Straits holiday charter flights over the past several years consisted of delegations from Taiwan and Mainland China under industry -- airline and tourism -- leadership with unacknowledged government officials imbedded in the delegations.) This will be a "new way of talking," Su explained, with "officials doing the negotiating."

International Space, Cease Fire, and Foreign Passengers

18. (C) Su said he is fully confident cross-Straits economic negotiations on charter flights and PRC tourists will succeed, but he remains uncertain about the issue of international space. Jannuzi responded that Senator Biden had written WHO in support of Taiwan participation and many other members of Congress are deeply frustrated over Beijing's recalcitrance. Expressing appreciation for this support, Su Chi stressed that "health issues know no borders." The Ma administration, he explained, is stressing pragmatic participation in functional IO's such as the World Bank, IMF, and ICAO. It may also decide to go slow on the UN issue this year. The Ma administration will be closely watching WHO over the next year as an indicator of Beijing's intentions, Su said, expressing hope for observer status next May under the practical name "Chinese Taipei."

19. (C) Jannuzi asked Su Chi if there is any chance for a diplomatic cease fire between the PRC and Taiwan. Su

responded that Taiwan has privately informed Beijing of its desire for a cease fire, and "I think they understand." The PRC bureaucracy, however, is an obstacle to a cease fire settlement. The military and foreign policy bureaucracies, he rued, "are tough nuts to crack." Thus, Taiwan has repeatedly sought to meet directly with Hu Jintao, he explained, in order "to convince" PRC bureaucrats, who are focused on "their own bureaucratic turf," to alter their ways. Taiwan's strategy, Su said, is to "talk with the big guys in order to reach the working level officials." Hu, moreover, has his own vested interest in achieving progress, Su said, because Taiwan will be his "historical legacy." Besides, he added with a smile, "we have shown that Taiwan can make trouble."

¶10. (C) Su stated that Taiwan had pressed Beijing to include foreigners in the cross-Strait charter flight agreement. He urged Jannuzi to encourage U.S. congressional travellers to use the direct cross-Strait route, as this might help Taiwan convince Beijing to permit foreign carriers to participate in the cross-Strait flights. Beijing's reluctance to allow foreigners on the cross-Strait aircraft, Su explained, was in large part a "face issue." When Beijing finally agreed to allow foreign nationals to fly the new cross-Strait flights, it requested Taiwan not to publicize this decision. Beijing also preferred to limit the number of PRC airports participating in the charter flights in the run up to the August olympics, Su explained, but it also wanted to help Ma realize his pledge to achieve charter flights in July. So, Beijing agreed to an initial short list of five PRC cities -- Nanjing, Shanghai, Xiamen, Beijing, and Guangzhou.

PRC Military Buildup

¶11. (C) Su told Jannuzi that the Ma administration hopes the cross-Strait "rapprochement process" underway will reduce the

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security threat facing Taiwan. It has urged Beijing to freeze missile buildup in order to increase Taiwan's sense of security. But while Taiwan can realistically expect to attain many cross-Strait objectives, particularly on charter flights and PRC tourism, Su said, security and international space are two issues on which Taiwan and the PRC remain at odds. Of the two, he said, international space is the more urgent, since there is imminent danger of diplomatic shifts by Paraguay, Panama, and other Taiwan diplomatic partners. Still, there has been some improvement, he said, explaining that the number of PRC military aircraft sorties over the Taiwan Strait had plummeted after the March 22 presidential election from 7-10 per day to near zero.

¶12. (C) On the security front, Su told Jannuzi, Taiwan will honor its commitment to purchase PAC-3 missiles, P-3C anti-submarine surveillance aircraft, and F-16 C/D fighters. In the future, if Beijing agrees to freeze its military buildup, Taiwan might consider a similar freeze on weapons acquisition. Meanwhile, Taiwan needs the F-16 C/D's, Su argued, both to replenish its dwindling stock of fighters and to demonstrate Taiwan's resolve to China.

Congressional Notification

¶13. (C) Jannuzi asked if U.S. congressional notification of weapons sales would help or undermine Taiwan's negotiations with the PRC. Notifications are not a problem, Su responded, because these systems have already been funded and Beijing has probably already protested the sales to the U.S. Timing of notifications, however, could be an issue. June-July, for example, would not be a good time, because Taiwan will be negotiating, then implementing, the charter flight and tourism agreements. He suggested that September, after President Bush returns from China, would be a good time for notifications.

¶14. (C) Jannuzi reiterated that Congress wants to be helpful and not undermine Taiwan and the cross-Straits process. Congress, moreover, plays a role in congressional notification timing, he said, because the administration usually asks Congress whether the time is right to send notifications to the Hill. Su's candor, he said, would be very helpful to Congress as it considers future arms sale notifications. ADIR Wang pointed out that given the U.S. congressional schedule and notification time requirements, a late notification could risk the diversion of Taiwan's 2008 budget funds to other defense items.

TIFA and FTA

¶15. (C) Su Chi asked about the prospects for a U.S.-Taiwan FTA. While the TIFA process is very useful, he said, the Ma administration does not want to give up on working toward an FTA. Just launching the FTA process would be "politically very helpful," he said, stressing that the pace and progress of FTA discussions is not important. Jannuzi responded that FTA's are problematic in Washington now. He urged Taiwan to understand that a concrete TIFA with its investment, taxation, extradition, and other agreements, offers distinct advantages and a much shorter time line than an FTA. Moreover, an early TIFA would both deepen U.S.-Taiwan commercial ties and demonstrate to Beijing the close U.S.-Taiwan ties.

Comment

¶16. (C) Su Chi clearly wanted to use this opportunity to urge the U.S. not to weaken its support for Taiwan in the context of improving cross-strait relations. His message was that U.S. support would strengthen Taiwan's position and enhance cross-strait negotiations and would not disrupt progress.

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